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ECONOMIC AND TRADE TREATIES AND AGREEMENTS
BETWEEN THE USSR AND THE PEOPLE'S DEMOCRACIES

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In 1951, the USSR has concluded new trade agreements with the European People's Democracies, the People's Republic of China, and the German Democratic Republic.

The agreement with Albania provides for the delivery from the USSR, on credit, of industrial equipment, for technical assistance, and for increased trade between the two countries in the years 1951 - 1955. The contracts (protocols) for the reciprocal exchange of goods for 1951 signed with Bulgaria, Poland, and Hungary also provide for a significant increase in trade as compared with 1950. The long-term agreement with Rumania providing for increased trade and supply from the USSR of industrial equipment and technical assistance will result in additional expansion of trade between the two countries during the period 1952 - 1955. The average annual turnover of goods in the period indicated will exceed the average annual turnover of the years 1948 - 1951 by more than 50 percent.

A contract which provides for additional reciprocal exchange of goods in 1951, above the quotas established for this year in the current 5-year agreement, was signed with Czechoslovakia. In comparison with 1950, the total turnover of goods between the USSR and Czechoslovakia will be significantly greater in 1951.

In addition to the trade and payments agreement for 1951 between the USSR and the GDR, a long-term agreement for reciprocal exchange of goods between 1952 and 1955 was also signed. It was supplemented by an agreement calling for scientific and technical collaboration which was signed at the same time.

A contract providing for expansion of trade in 1951, as compared with 1950, was put into effect with the People's Republic of China. Another contract provides for the delivery in 1951 of equipment and materials to the People's Republic of China on credit which was made available to it by the agreement of 14 February 1950.

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The principal types of agreements regulating economic relations of the USSR with other countries are the trade and navigation treaties, trade and credit agreements, and agreements pertaining to technical assistance, scientific and technical collaboration, deliveries of commodities, etc.

The USSR has concluded trade and navigation treaties with the following countries: Poland, on 7 July 1945; Rumania, 20 February 1947; Hungary, 15 July 1947; Czechoslovakia, 11 December 1947; and Bulgaria, 1 April 1948.

The USSR trade policy as applied to its trade with the People's Democracies does not reject the most-favored-nation principle; however, its contents take on a different significance. The most-favored-nation principle has a large field of application in trade, navigation, and economic collaboration connected with the development of industry, natural resources, and other economic activities of the People's Democracies.

Trade treaties with Poland, Czechoslovakia, and Bulgaria call for an interchange of technical experience through exchange of specialists, industrial, agricultural, and other expositions, etc.

Other types of agreements concluded by the USSR with the People's Democracies consist of reciprocal trade and payments agreements which regulate trade, accounting methods, and conditions of payments.

The stipulations in the agreements establish the legal status of the USSR trade representatives, regulate customs duties on all commodities, and govern arbitral decisions which arise between citizens, organizations, and trading institutions.

A special characteristic feature of the trade agreements concluded by the USSR with any of the People's Democracies is that both governments assume the responsibility of insuring deliveries of commodities within the specified period and in conformity with the established quotas, which are usually attached to the agreements or to the special annual proceedings relating to reciprocal interchange of goods.

As a rule, the first postwar trade agreements concluded by the USSR with the People's Democracies were for only one year. At present, because of the extension of economic planning to these countries, long-term agreements are assuming greater importance, since such agreements expand and organize trade as well as afford an opportunity for the parties concerned to coordinate their trade with their national economic plans. As expressed by A. Mikoyan, Minister of Foreign Trade USSR, these agreements strongly reflect the change in the functions of the trade monopoly that the USSR has with the People's Democracies, inasmuch as they no longer fulfill the function of protecting the Soviet economy, but rather are the means of planned coordination of the Soviet economy with those of the People's Democracies.

The long-term trade agreements concluded with Poland, Czechoslovakia, Rumania, the GDR, and the Mongolian People's Republic insure an uninterrupted and ever-increasing expansion of trade for a long period. They also guarantee to these countries a planned supply of material resources necessary for their development and a vast market for the sale of their products.

The long-term trade agreements with the above-mentioned countries set quotas for the basic commodities to be delivered reciprocally during the full life of the agreement (4 to 6 years), with the provision that these quotas will be adjusted and supplemented by agreement prior to the beginning of the next trade year. The stipulations further provide for the order of accounting and payment among the negotiating countries.

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During the period 1945 - 1951 the USSR has concluded both short- and long-term loan and credit agreements with Czechoslovakia, Poland, Rumania, Bulgaria, the People's Republic of China, and Albania. The most common feature of these agreements is the pledge by the USSR to supply industrial equipment on credit and to extend other commodity credit to these countries.

Soviet external loans and credits are extended to the People's Democracies on very advantageous terms from the standpoint of time, interest, and repayment terms.

The credit agreements stipulate that the governments receiving credit will make repayment on principal and interest chiefly by commodity shipments. These consist of the usual assortment of commodities commonly exported by the country in question and at prices for which these commodities are supplied in the trade agreements.

The credit agreement of 14 February 1950 between the governments of the USSR and the People's Republic of China corresponds in its structure and form to the medium-term and the long-term credit agreements concluded by the USSR with the People's Democracies. Under the agreement, the government of the USSR extended to that of the People's Republic of China credit in the sum of 300 million US dollars to be utilized within the 5-year period beginning 1 January 1950. It will be applied annually in equal parts for payment of supplies of equipment and materials to be received from the USSR, including equipment for electric power stations and metallurgical and machine-building plants, coal and ore mining equipment, and rail and other transport equipment essential to reconstruction and development of the Chinese economy. The interest terms are only one percent annually, and repayment is arranged over a 10-year period in equal annual payments.

One of the most important forms of economic collaboration between the USSR and the People's Democracies is the reciprocal scientific and technical assistance, especially on the part of the USSR. This assistance is not limited to the mere supply of industrial equipment, but includes the latest scientific and technological information; dispatching of highly qualified engineers and technicians to the countries in question to help in the construction and installation of enterprises; training of specialists from these countries at USSR enterprises; and the establishment of joint associations.

Various types of technical assistance are regulated by credit agreements for the supply of technical equipment, long-term trade agreements, technical assistance agreements, agreements for the establishment of joint-stock associations, and other joint government ventures.

Scientific and technical collaboration agreements have been concluded with Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, and the GDR.

The supply of commodities stipulated in the trade and credit agreements and the rendering of technical assistance by the USSR are carried out by means of contracts which include treaties and transactions concluded between various Soviet foreign trade organizations and similar organizations of the countries involved. The contracts define more precisely all questions connected with the delivery of commodities, the rendering of technical assistance, and other questions relating to specifications, assortment, volume, prices, date, order of payment, and other conditions.

To facilitate contractual negotiations and to establish general regulations governing trade deliveries between the USSR and the People's Democracies agreements pertaining to "general delivery conditions" have been drawn up. These conditions, which are attached to the agreements, consist of stipulations relating to the place of delivery, type of delivery (prepaid, FOB, etc.), time and

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date of delivery, quantity and quality specifications, delivery notices, packaging and marking, transmission of technical data, tests and guarantees, claims, order of payments, sanctions, arbitration, etc. These conditions are the same for all countries with minor exceptions because of geographical location, special features of some deliveries, and methods of drawing up documents. Generally, these conditions expedite contractual arrangements in the international agreements and forestall any disagreements that may arise in the execution of these arrangements.

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